

SECRET

Approved For Release 2002/06/28 : CIA-RDP78-05538A000300060081-4

MEMORANDUM FOR: Deputy Director (Administration)
THRU : General Counsel

FROM : Comptroller

SUBJECT : Advances or Payments to Employees for Personal Expenditures

I. PROBLEM:

The establishment of an Agency policy respecting the extent that CIA may extend special financial assistance to its employees in the form of loans or advances to meet personal expenses, and by payment of hardship claims of a personal or quasi personal character.

II. FACTS BEARING ON THE PROBLEM:

There have been repeated and persistent requests on the part of individual employees and supervisory officials that the Agency deviate from normal government practice by making advances or loans of official funds to employees, and also that the Agency reimburse employees for certain types of expenses of a personal or quasi personal nature, such as emergency transportation and medical expenses of their families, or claims of a similar character. Such requests sometimes appear to be justified on the basis of operational or compassionate grounds. However, there is no legal basis or precedent for using government funds to make personal loans, or to grant payments on compassionate grounds.

III. DISCUSSION:

a. It is a well-recognized concept in the Agency that whenever an individual employee is forced to incur extraordinary expenses by virtue of some special operational demand placed upon him by the Agency, he is entitled to an advance of funds to cover such expenses and/or for reimbursement from the Agency for the amount of extraordinary expenses so incurred.

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However, where the expenses incurred by the employee are of a character commonly incurred by employees of other government agencies and considered as personal expenses, there appears to be no authority for reimbursing such expenses and the employee has no legal "right" to such reimbursement. It has been held frequently that the application of unvouchered funds to underwrite personal needs resulting from emergency or unfortunate personal circumstances does violence to the theory of CIA authority to expend funds without regard to any other provisions of law and solely on the certificate of the Director. ~~Therefore, any payments made of such expenses must be based purely upon compassionate grounds.~~

b. Although the Agency may not legally use official funds for making personal loans the Agency does have a legitimate interest and concern with respect to providing financial facilities for its employees. The CIA Credit Union has been established for this purpose and insofar as departmental employees are concerned, it is possible to make personal loans to any employee where there is reasonable expectation that the employee will repay the amount borrowed. This facility has not as yet been extended to overseas stations where it is felt that the need is most urgent. There is attached hereto as Tab ~~II~~, a proposed procedure providing for the extension of this facility to overseas stations and activities.

c. Notwithstanding the fact that Credit Union loans can be made to all employees wherever there is a reasonable basis to expect that repayment can be made, there is still the problem of the claims for emergency medical care and personal hardship claims. It appears, however, that these types of claims fall strictly within the class of welfare cases or grants in aid and

must be handled on compassionate grounds. In order to handle such claims on these grounds there must be a determination as to whether or not official funds can be used for such purposes and if so, the extent to which they can be used for these purposes; or the Agency must set up a welfare association, and provide some means of obtaining income for such association and use such income for the purpose of granting relief or assistance to employees in straitened financial circumstances.

IV. SUMMARY OF RECOMMENDATIONS:

a. To establish a firm and unequivocal Agency policy that official funds shall not be used for personal loans or advances or for the payment of compassionate claims.

b. To extend CIA Credit Union facilities to meet the needs of CIA employees abroad for personal financing facilities.

c. To conduct a further study and secure positive recommendations concerning the establishment and operation of a CIA welfare association.

E. R. SAUNDERS
Comptroller

Attachments
Tabs I ~~II~~

concur

General Counsel

MISSING PAGE

ORIGINAL DOCUMENT MISSING PAGE(S):

ATTACHMENT

CENTRAL INTELLIGENCE AGENCY
OFFICIAL ROUTING SLIP

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REMARKS:

CENTRAL INTELLIGENCE AGENCY
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REMARKS: Per our conversation, I am forwarding herewith revision to draft of staff study. You will note that I have suggested the elimination of certain language which is reflected in brackets to your draft and appears in the attached revision. In addition, I have inserted other language which I have considered appropriate. Further, I have deleted the reference to memorandum from General Counsel to the Acting DD/A and have

substituted therefor language of a general nature
which I feel is equally meaningful.

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I have shown the proposed revision to Messrs.
Houston and [] and they are in accord.